

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA**

<b>IN RE:</b>	:	
<b>AUTOHAUS ACQUISITION, INC.,</b>	:	
<b>d/b/a VICTORY VOLKSWAGEN,</b>	:	
<b>Debtor</b>	:	
<b>LAWRENCE G. FRANK, TRUSTEE</b>	:	<b>JOINT ADMINISTERED TO:</b>
<b>IN BANKRUPTCY FOR AUTOHAUS</b>	:	
<b>ACQUISITION, INC., d/b/a</b>	:	<b>THREE ARROWS ENTERPRISES,</b>
<b>VICTORY VOLKSWAGEN,</b>	:	<b>: INC., ET AL</b>
<b>Plaintiff</b>	:	
<b>v.</b>	:	<b>CASE NO. 1:09-bk-07161</b>
	:	<b>ADVERSARY</b>
<b>SUSQUEHANNA BANK,</b>	:	<b>NO. 1:10-ap-00212</b>
<b>Defendant</b>	:	

**RELEASE AND SETTLEMENT AGREEMENT**

This Release and Settlement Agreement entered into this \_\_\_\_ day of \_\_\_\_\_, 2011, by and between Lawrence G. Frank, Esquire, Trustee in Bankruptcy for Three Arrows Enterprises, Inc. and Autohaus Acquisition, Inc. d/b/a Victory Volkswagen, and Susquehanna Bank, by and through its attorneys, Barley Snyder, LLC, provides as follows:

WHEREAS, Three Arrows Enterprises, Inc. (õThree Arrowsö) and Autohaus Acquisition, Inc. d/b/a Victory Volkswagen (õAutohausö, and together, the õDebtorsö) filed voluntary Chapter 11 Petitions in this Court on September 16, 2009.

WHEREAS, the Court converted the above cases to Chapter 7 on January 21, 2010.

WHEREAS, Lawrence G. Frank has been appointed Trustee in Bankruptcy in both of the above cases.

WHEREAS, the Trustee filed an adversary proceeding indexed to 1:10-ap-00212 RNO on June 6, 2010.

WHEREAS, the Trustee has the right and authority to make and settle claims for and on behalf of the bankruptcy estate, subject to Court approval following notice to creditors and other parties in interest.

WHEREAS, the Trustee has made certain claims on behalf of the bankruptcy estate in the aforementioned adversary proceeding against Susquehanna Bank, including but not limited to: a determination that Susquehanna Bank is an unsecured creditor in the above-captioned bankruptcy cases, and also seeking a determination that the funds received by the Trustee from the sale of the franchise sold by the Debtor-in-Possession pre-conversion, the funds from the sale of a 2006 Ford E-350 truck, and the proceeds from the sale of five (5) vehicles presently under motion, are funds which will be distributed to unsecured creditors pro rata.

WHEREAS, the Trustee has made a demand for payments received by the Defendant, Susquehanna Bank, from Autohaus during the preference period under §547 of the Bankruptcy Code.

WHEREAS, Susquehanna Bank has answered the Trustee's complaint and has denied the Trustee's allegations, maintained that it is a secured creditor in the above cases, and in the alternative, has set forth affirmative defenses to the alleged preferential transfers/payments and has denied that it has received any preferential transfers/payments during the 90 day period prior to the filing of Autohaus's original Chapter 11 Petition.

NOW, THEREFORE, for and in consideration of the mutual agreements and releases set forth herein, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. The parties agree that as between the Trustee and Susquehanna Bank only, Susquehanna Bank shall be considered tantamount to an unsecured creditor for bankruptcy court purposes in the Autohaus case only; understanding that nothing herein shall affect Susquehanna Bank's status as a secured creditor of the Debtors for all other purposes, including, under relevant state law and/or for state-court purposes.
2. The funds in the possession of the Trustee in the amount of \$868,073.80 resulting from the sale of the franchise by the Debtor-in-Possession during the pendency of the chapter 11 proceeding shall be considered free and clear of any liens, claims or encumbrances of Susquehanna Bank.
3. The funds in the possession of the Trustee in the amount of \$12,750.00 from the sale of a Ford 2006 E-350 shall be considered free and clear of any liens, claims and encumbrances of Susquehanna Bank.
4. The funds to be received by the Trustee from the sale of five (5) motor vehicles which are presently the subject of a sale motion shall be considered free and clear of any liens, claims or encumbrances of Susquehanna Bank.
5. The Trustee will not claim, and hereby relinquishes any claim to, any transfers or payments made by the Debtors to Susquehanna Bank within

the ninety (90) days preference period or any other transfers or payments made to Susquehanna Bank on a "preferential transfer" or similar theory.

6. Susquehanna Bank will amend its Proof of Claim as necessary to reflect its status as a general "unsecured creditor" in the Autohaus case for bankruptcy court purposes.
7. Susquehanna Bank will receive its pro rata share from the assets already liquidated and to be liquidated in the Autohaus case as a general unsecured creditor.
8. The Trustee agrees that Susquehanna Bank is a "secured creditor" in the Three Arrows case and further agrees to not to object to the Proof of Claim of Susquehanna Bank once amended in the Autohaus case as contemplated in paragraph 6 above.
9. The parties agree that the Court will be requested to enter an Order approving the compromise of controversy on the terms and conditions set forth in this Release and Settlement Agreement.
10. The undersigned have read this Release and Settlement Agreement carefully before signing and apply their signatures voluntarily and with full understanding of the contents of this agreement.

IN WITNESS WHEREOF, the parties have caused this Release and Settlement Agreement to be executed by the duly authorized representatives on the date first mentioned above.

BANKRUPTCY ESTATE  
THREE ARROWS ENTERPRISES, INC.  
AUTOHAUS ACQUISITIONS, INC.  
d/b/a VICTORY VOLKSWAGEN

By: \_\_\_\_\_  
Lawrence G. Frank  
Trustee

SUSQUEHANNA BANK

By: \_\_\_\_\_  
Name: Patrick Cowan  
Title: Senior Vice President